

Economic Crime Levy

Briefing by the National Housing Federation on the impact of the ECL on housing associations

February 2026

Summary

The National Housing Federation (NHF) is the voice of England's housing associations – not-for-profit social landlords that provide more than two and a half million homes and support for around six million people across England. Our members also offer some regulated services including financial support for residents and shared ownership resales, making them liable for the Economic Crime Levy.

Not-for-profit housing associations are charged the same rates as for-profit businesses, despite the regulated services making up a very small proportion of housing association activities, and usually offered for free or on a cost-recovery basis. The Autumn Budget has made this significantly worse, with several of our members seeing their fees increase 14-fold overnight.

The sector is now facing a bill of as much as **£14m per year**. This will reduce borrowing capacity by **£224m**, resulting in **1100 fewer much needed social homes**.

That is why the NHF is urgently calling for reform to make the levy fairer, by introducing an exemption or special category for not-for-profit housing associations. For more information or to discuss this further, please contact [Adam Gravely](#).

A disproportionate impact on housing associations

Housing associations are committed to meeting their obligations under the Money Laundering Regulations. However, the Economic Crime Levy is having a disproportionate impact on the capacity and services of many not-for-profit housing associations. Our members are falling within the scope of the levy due to small but important activities, including:

- The provision of free debt advisory services to residents in financial hardship.
- Some lending activity such as consumer credit authorisations or deferred payment arrangements to support leaseholders in need.
- Shared ownership advice and resales, for which revenues cover the costs of services provided.

The structure and scope of the levy means that housing associations are treated in the same manner as commercial financial institutions and estate agency services. Unlike for many of these businesses, these essential activities to support residents form a very small proportion of a housing associations' operation. **Yet, because the levy is calculated against total UK revenues, housing associations face paying the same levy rate as these other businesses.**

NHF analysis has found that the annual cost of the levy could be as high as **£14m per year¹** by 2027. This translates into a lost borrowing capacity of **£224m**, which means **1100 fewer social homes** will be built as a result.

Autumn Budget 2025

The Autumn Budget introduced a new structure to the levy bands and an increase in fees for the two largest bands. From April 2026, the National Housing Federation has calculated that:

- Bands A and B: The majority of housing associations will continue to pay **£36k per year**. These members are disproportionately affected by the levy's revenue calculation, because of the very small amounts of regulated activity conducted by them. We have multiple members who **earn less from these activities than they pay in the levy**, and now face having to consider ceasing or outsourcing as a result.
- Bands C and D: Developing housing associations are especially hard hit. Two of the largest will see their levy rate **double to £1m per year**. Eight will immediately see their levy payments increase by **14x from £36k to £500k**. There are several housing associations who have borderline revenues, which

¹ Calculated against total group UK revenues from the 23-24 Global Accounts and data from the NHF's Economic Crime Levy member survey (Sep 24 – Jan 25).

means this number is likely to grow in future years. The resultant increase in ECL liabilities because of the Autumn Budget could be as high as **£8m**.

A limited exemption

We are calling on the government to **amend the scope of the Economic Crime Levy to introduce a limited exemption or special category for housing associations**. Exempting housing associations from paying the levy, or else applying a reduced, flat rate will remove the barrier to operating these activities to the benefit of vulnerable residents and the provision of affordable home ownership. We are keen to work with the government on the design of the levy.